

PHILIP MORRIS INTERNATIONAL INC. INTER-OFFICE CORRESPONDENCE

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DRAFT

TO: Regional Presidents

DATE: January 14th, 1993

FROM: Geoffrey C. Bible

Confidential

SUBJECT: Compliance

This is to bring you up to date on three matters of importance.

Compliance: I attach recent memoranda of Michael Miles and Murray Bring stressing that compliance programs must not be undermined by budgetary constraints. For instance, if an environmental hazard must be corrected, the correction should not be put off in order to meet budgetary objectives.

Other points in the attached memoranda bearing emphasis are the following:

- Compliance objectives should be part of our planning process and specific compliance programs should be highlighted in your budgets and multi-year plans.
- Success in meeting compliance objectives should be reviewed in executive performance appraisals.
- Where necessary, disciplinary action should be taken where there has been a failure to correct a known deficiency involving health or safety.

We know that 1993 will be a challenging year, but this makes it all the more important that we do not lose sight of compliance objectives as we strive to meet ambitious financial goals.

Plant Safety: Of the areas addressed by our compliance programs, none is more important than plant safety. In the U. S., our outside legal advisors have recently completed an extensive review of safety procedures in our tobacco, food and brewing facilities and we will begin a similar review of our international factories during this first quarter. This survey will not be an audit - rather it will focus on how well our systems operate to prevent serious injury, while also reviewing audit procedures, our methods of communication and training and our overall management "culture" regarding safety.

Public Smoking: In the U.S. anti-smoking activists have emphasized regulation over common courtesy in approaching the public smoking issue. As a result, many U.S. companies have adopted written smoking policies. Philip Morris recently re-drafted its own guideline and this is attached. As you will see, this statement of "smoking accommodation principles" emphasizes courtesy and accommodation, codifying, for the most part, the common sense practices observed all along.

My own view is that in many - perhaps most - of the countries where we operate internationally, dissemination of this written statement to each employee will be unnecessary. There may be other countries, however, where the circulation or posting of the guideline may be helpful in emphasizing our commitment to courtesy and accommodation. I ask, therefore, that you circulate this statement to the Chief Executive of our different subsidiaries and that each Regional President recommend to me, those affiliates where it would seem appropriate to require a broader dissemination. The statement should also be circulated at this time to human resources and corporate affairs executives at the regional and affiliate level, since they may receive queries as to PM's corporate view on the issue.

I would like you to distribute copies of this memorandum, plus the different enclosures, to executives reporting directly to you and to other senior executives in your organization who should be informed about the issues addressed.

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